



Department of Energy
Savannah River Operations Office
P.O. Box A
Aiken, South Carolina 29802

MAY 31 1996

Mr. Ambrose L. Schwallie, President
Westinghouse Savannah River Company
Aiken, SC 29808

Dear Mr. Schwallie:

**SUBJECT: Award Fee Determination for the October 1, 1995, through March 31, 1996,
Evaluation Period, Contract Number DE-AC09-89SR18035**

We have completed our evaluation of the Westinghouse Savannah River Company (WSRC) contract for this period and have rated overall performance as "Good." WSRC had many accomplishments which demonstrated the expertise of your staff to successfully address significant and complex Department of Energy (DOE) missions and deliverables. You have also taken aggressive actions to address the initiatives noted in my last determination letter of December 8, 1995. Several accomplishments which deserve special recognition are as follows:

- WSRC continues to maintain a very high quality Environment, Safety, and Health Program;
- The High Level Waste (HLW) System, including the Defense Waste Processing Facility, the In-Tank Precipitation/Extended Sludge Processing Facility, the New Waste Transfer Facility, and the Tank Farm Facilities had a successful startup;
- The Environmental Restoration Program achieved dramatic improvement in regulatory credibility, deployment of new technology, streamlined work methods, and in-field remediation;
- There was an overall improvement in Separations operations which included the successful startup of F-Canyon phase II;
- Plutonium immobilization (can-in-canister) demonstration was successful;
- WSRC demonstrated improvement in Tritium facility management and operation;
- The implementation of commercial practices within the Infrastructure Program has resulted in significant savings; and
- WSRC provided quality support for the Spent Nuclear Fuel Program.

An area where performance did not meet expectations is project management. Poor performance resulted in increased costs to DOE, delayed construction completion, and sometimes required additional funding. Examples include the Replacement Telephone System (RTS), the Consolidated Incinerator Facility (CIF), the Late Wash Facility (LWF), and rework on the nitrogen systems at DWPF. Other major items of significant concern are the adverse trend of personnel contaminations which are in excess of the Fiscal Year (FY) 1996 goal, and the continuing deficiencies in the ability to properly characterize and certify waste materials as part of the waste management/disposal program.

We have evaluated performance and determined a fee for each of the award fee program areas. Fee calculations are provided in the enclosure. Based on the aggregate of these areas, you have earned a composite rating of 88.0 points which equates to \$7,102,124 of the \$10,125,000 award fee pool.

MAY 31 1996

An additional \$1 million is added for continued demonstration of line management responsibility and accountability for safety and for the continued Environment, Safety, and Health programs which remain world class and are a recognized benchmark for other Operations Offices. This is the second year of recognition for the program.

Another \$500,000 is added for the startup of the HLW system in recognition of the dedication and hard work to startup this extraordinarily complex high impact system. You reacted well to day-to-day problems and maintained the attention needed to bring the system on line.

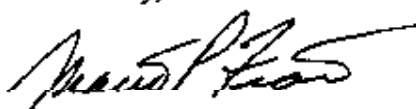
There is \$300,000 withheld because of the various project management concerns. We will continue to analyze the management actions taken on the RTS project and will defer action until a later time. Accordingly, a total fee of \$8,302,124, which does not include earned performance based incentives, is determined for this period.

For Award Fee Period 15, we will continue to evaluate overall performance against the work scope, milestones and cost criteria contained in the FY 1996 Annual Operational Plan. Special attention will be given to performance in the following priority areas.

- Successful startup of the LWF and preparations for CIF startup;
- Conduct of operations in the Tank Farm must meet the same high technical and nuclear standards as the rest of the HLW Program;
- Achievement of production attainment rates in DWPF;
- Continued progress in resolving issues associated with achievement of 94-1 milestones;
- Workforce and financial planning for a very challenging FY 1997;
- Completion of the RTS subcontract and resolution of outstanding issues; and
- Waste generator accountability and waste certification program improvements.

DOE Lead Evaluators will be discussing their evaluations with their respective WSRC Counterparts in the near future. I am available to discuss the overall evaluation with you as appropriate.

Sincerely,



Mario P. Fiori
Manager

HD-96-0045

Enclosure:

Award Fee Scoring and Fee Calculations

cc w/encl:

J. I. Buggy, WSRC

Award Fee
Scoring & Fee Calculations
 (October 1, 1995 - March 31, 1996)

Functions	Adjective Rating	Fee Earned
High Level Waste Program	Good	
Environmental Restoration	Good	
Solid Waste	Satisfactory	
Materials Stabilization/DP	Good	
Technology Management	Satisfactory	
General Management	Good	
ESH&Q	Good	
Engineering and Projects	Satisfactory	
Administration	Satisfactory	
Administrative	Satisfactory	
Financial Management	Good	
Safeguards & Security	Good	
Training	Good	
Award Fee Period 14	Good	\$7,102,124
Adjustments:	World Class ES&H Program	\$1,000,000
	Startup of the HLW System	\$500,000
	Project Management Concerns	(\$300,000)
TOTAL FEE PERIOD 14		\$8,302,124



Department of Energy
Savannah River Operations Office
P.O. Box A
Aiken, South Carolina 29802

MAY 31 1996

Mr. Ambrose L. Schwallie, President
Westinghouse Savannah River Company
P. O. Box 616
Aiken, South Carolina 29808

Dear Mr. Schwallie:

SUBJECT: Performance Based Incentive for the Award Fee Period October 1, 1995, through March 31, 1996, Contract Number DE-AC09-89SR18035

The Department of Energy (DOE) has completed its evaluation of the Westinghouse Savannah River Company (WSRC) performance based incentive areas during the subject 6-month period. The performance based incentives represent the most highly prioritized activities that have solid objective goals. WSRC accomplished six of the seven incentives applicable to this period earning \$1,610,000. Each performance based incentive with the amount earned for this period is included on the enclosed list.

We have determined that the previously approved performance based incentive, SWC 03 titled "Complete Initial Low Level and Mixed Waste Certification," was not properly implemented. Accordingly, the \$200,000 previously approved is rescinded, with such rescission being offset against incentive awards for the subject period, and an incentive drawdown of \$1,410,000 is authorized.

Sincerely,

A handwritten signature in black ink, appearing to read "Mario P. Fiori", is written over a horizontal line.

Mario P. Fiori
Manager

HD-96-0054

Enclosure:
FY96 Performance Based Incentives

cc w/encl:
J. J. Buggy, WSRC

Enclosure to HD-96-54 dated		FY96 Performance Based Incentives		Maximum	Earned
	Title	Fee Avail	Approved	3/31/96	
1	Introduce radioactive sludge waste from the Tank Farms in the DWTF BRAT by 1/31/96.	5,750,000	N/A	0	
2	Each canister beginning with # 61 containing fully washed radioactive sludge earns \$100K. Each canister of fully washed radioactive sludge waste and fully washed radioactive waste precipitate earns \$250K.	2,900,000			
3	Successfully treat 1.25 million pounds of waste in the CIF including 185,000 pounds of Legacy Mixed waste and 115,000 pounds of mixed and hazardous waste generated during FY96.	230,000			
4	Segregate 600 drums. Complete Retrieval Dome install on TRU Pad #6 & #4 with environmental compliance/safety documentation & operating procedures by 7/1/96. Award contract & demonstrate characterization technology to assay radionuclides in 20 LLW drums.	200,000			
5	Reduce LLW generated by >= 16% off of the FY96 forecast. Reduction of > 16% but < 30% earn 5% of the savings (@ \$40/cu. ft.); reductions of 30% but < 40% earn 8% of savings.	1,285,000			
6	Meet all ER commitments/expectations including FFA Appendix H & D, revised RCRA operating permit, settlement agreements, admin orders, consent decrees, NODs, NOV's or notices of regulatory direction & closure plans at a 25% savings.	1,445,000			
7	Generate at least \$3M in additional cost savings for the FY96 ER program. PBI fee is calculated as 5% of savings up to a maximum of \$300K.	300,000			
8	Focus >1/2 (based on the Approved Funding Pgm) of FY96 technology development activity at SRS for the in-field application of innovative technologies to meet regulatory commitments.	330,000			
9	Load & ship tritium reservoirs per requirements. For reservoirs to be unloaded due to tritium exposure time/transport life, unload Category A units within 1 month of receipt.	175,000			
10-1	Complete deinventory of P-Reactor disassembly basin by removing all fuel, targets, sources, & slugs by 7/12/96. Due date is extended a week for 2 irradiated Mark 31 shipments.	220,000			
10-2	Earn \$210K for completing >= 95% of feed material shipments to F-Canyon from the reactors & RBOF within 2 days of the schedule published on the 21st of the previous month. Complete at least 80% within 2 day schedule for \$130K.	210,000			
11-1	Establish five fully staffed shifts at RBOF with qualified operators, certified supervisors, and qualified radiological control technicians by 4/1/96.	340,000			
11-2	Demonstrate L-Reactor readiness for research reactor fuel storage by maintaining average water chemistry below 15 umho/cm and successfully unloading two casks by 9/1/96.	380,000			
12-1	By 10/31/95, develop and submit an achievable schedule that has Non-nuclear Reconfiguration facilities fully operational by 11/30/98. This 6-month schedule improvement earns \$21K. Each added month earns \$3.5K.	35,000	28-Mar	35,000	
12-2	Reach Critical Decision 3 for the Function Test Stations, Tritium Recovery/Distillation, and Gas Assay systems by 5/3/96 for \$175K. Each month that schedule is improved earns an additional \$17,500 up to a total maximum incentive of \$210K.	210,000	28-Mar	210,000	
12-3	Reach Critical Decision 3 for the environmental conditioning equipment by 5/30/96 for \$56K. Each month that schedule is improved earns an additional \$7K.	70,000			
12-4	The Flow Tester must be fully operational by 8/30/96 for \$21K. Each month that schedule is improved earns an additional \$7,000.	35,000			
13-1	Complete Mk 31 dissolution by 9/30/96.	555,000			
13-2	Complete stabilization of F-Canyon Pu-239 solutions (approx. 61K gals.) by 4/25/96.	560,000			
13-3	Complete Post-Cassini, excluding High Assay Mat'l, processing of 14kgs of Pu-238 by 5/31/96.	420,000			
13-4	Complete CDR or equivalent for Americium/Curium by 11/30/95.	230,000	28-Mar	230,000	
13-5	Submit Request for Project Authorization to DOE-SR for the Am/Cm Project by 12/31/95.	460,000	28-Mar	460,000	
13-6	Stabilize 1200 gallons of Pu-242 stored in H-Canyon by 9/30/96.	428,000			
13-7	Begin Pu residue (sand/slag/crucible/sweepings/turnings) processing in F-Canyon or FB-Line by 9/30/96.	280,000			
13-8	Stabilize/repackage 12 Pu-239 containers directly contacting plastic by 12/31/95.	555,000	28-Mar	555,000	
13-9	Award the fixed price construction contract for HEU dilution project by 2/4/96.	120,000	28-Mar	120,000	
14	WSRC must develop integrated program plans indicating cost effective implementation approaches for at least 3 new mission areas, which incorporate SRS capabilities, technologies, and facilities into DOE's planning and decision processes.	1,925,000			
15	Provide a \$11M increase over the FY96 baseline from sources other than Site operations support or existing OTD funding.	960,000			
16	Under-run fourth quarter G&A/Area Support by \$11 million.	2,655,000			
17	By 08/31/96, a single sitewide organization will function using CNMMS as the nuclear materials system of record for the classified inventory in material balance areas.	195,000			
PBI due at EOY (in Bold print) - \$14,170,000		24,740,000		1,610,000	